

THIRTY-SIXTH JUDICIAL DISTRICT ATTORNEY
PARISH OF BEAUREGARD
STATE OF LOUISIANA

ANNUAL FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2017

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Windham & Reed, L.L.C.

Certified Public Accountants

1620 North Pine Street
DeRidder, LA 70634
Tel: (337) 462-3211
Fax: (337) 462-0640

John A. Windham, CPA
Charles M. Reed, Jr., CPA

INDEPENDENT AUDITOR'S REPORT

The Honorable James R. Lestage
Thirty-Sixth Judicial District Attorney
Parish of Beauregard
State of Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Thirty-Sixth Judicial District Attorney, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District Attorney's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Thirty-Sixth Judicial District Attorney as of December 31, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of the District Attorney's proportionate share of the net pension liability and the schedule of the District Attorney's pension contribution on pages 30 through 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Thirty-Sixth Judicial District Attorney's basic financial statements. The combining and individual non-major fund financial statements and schedule of compensation, benefits and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of compensation, benefits and other payments to agency head are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and the schedule of compensation, benefits and other payments to agency head are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Honorable James R. Lestage
Thirty-Sixth Judicial District Attorney
Parish of Beauregard
State of Louisiana
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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2018, on our consideration of the Thirty-Sixth Judicial District Attorney's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Thirty-Sixth Judicial District Attorney's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Jermol Windham, CPA". The signature is written in a cursive style.

DeRidder, Louisiana
May 23, 2018

BASIC FINANCIAL STATEMENTS

Statement of Net Position
For the Year Ended December 31, 2017

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 364,251
Accounts receivable	32,348
Intergovernmental:	
Federal grants receivable	9,585
State grants receivable	2,500
Due from other funds	65
Restricted assets:	
Cash	194,935
Due from other governments	17,368
Federal grant receivable	18,771
State grants receivable	20,276
Capital assets, net	192,153
Total assets	<u>\$ 852,252</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension contributions	<u>\$ 205,284</u>
 Total assets and deferred outflows of resources	 <u><u>\$ 1,057,536</u></u>
LIABILITIES	
Accounts payable	\$ 7,133
Payroll taxes payable	1,627
Due to others	21,522
Liabilities payable from restricted assets:	
Due to others	10,484
Accounts payable	1,205
Long-term debt:	
Due in more than one year	189,388
Total liabilities	<u>\$ 231,359</u>
DEFERRED INFLOWS OF RESOURCES	
Pension contributions	<u>\$ 73,780</u>
Total liabilities and deferred inflows of resources	<u>\$ 305,139</u>
NET POSITION	
Net investment in capital assets	\$ 192,153
Restricted	239,661
Unrestricted	320,583
Total net position	<u>\$ 752,397</u>
 Total liabilities, deferred inflows of resources and net position	 <u><u>\$ 1,057,536</u></u>

The accompanying notes are an integral part of this statement.

Statement of Activities
For the Year Ended December 31, 2017

Program activities	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	
General government				
Judiciary	\$ 1,000,640	\$ 570,853	\$ 407,319	\$ (22,468)
General revenues:				
				1,235
				46,226
				928
		Total general revenues		48,389
		Change in net position		25,921
		Net position at beginning of year		726,476
		Net position at end of year		\$ 752,397

The accompanying notes are an integral part of this statement.

Balance Sheet
Governmental Funds
For the Year Ended December 31, 2017

	Major Funds						Total Governmental Funds
	General	Title IV-D Fund	Truancy Assessment Fund	Drug Court Fund	Pretrial Intervention Fund	Other Governmental Funds	
ASSETS							
Cash and cash equivalents	\$ 364,251	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 364,251
Accounts receivable	32,348	-	-	-	-	-	32,348
Intergovernmental:							
Federal grants receivable	9,585	-	-	-	-	-	9,585
State grants receivable	2,500	-	-	-	-	-	2,500
Due from other funds	65	-	-	-	-	-	65
Restricted assets:							
Cash	-	63,667	63,377	41,095	17,981	8,815	194,935
Due from other governments	-	17,368	-	-	-	-	17,368
Federal grant receivable	-	-	-	18,771	-	-	18,771
State grant receivable	-	-	20,276	-	-	-	20,276
Total assets	\$ 408,749	\$ 81,035	\$ 83,653	\$ 59,866	\$ 17,981	\$ 8,815	\$ 660,099
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 7,133	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,133
Payroll taxes payable	1,627	-	-	-	-	-	1,627
Due to others	21,522	-	-	-	-	-	21,522
Liabilities payable from restricted assets:							
Accounts payable	-	-	-	1,205	-	-	1,205
Due to others	-	-	-	-	7,394	3,090	10,484
Total liabilities	\$ 30,282	\$ -	\$ -	\$ 1,205	\$ 7,394	\$ 3,090	\$ 41,971
Fund Balances:							
Restricted	\$ -	\$ 81,035	\$ 83,653	\$ 58,661	\$ 10,587	\$ 5,725	\$ 239,661
Unassigned	378,467	-	-	-	-	-	378,467
Total fund balances	\$ 378,467	\$ 81,035	\$ 83,653	\$ 58,661	\$ 10,587	\$ 5,725	\$ 618,128
Total liabilities and fund balances	\$ 408,749	\$ 81,035	\$ 83,653	\$ 59,866	\$ 17,981	\$ 8,815	\$ 660,099

The accompanying notes are an integral part of this statement.

Reconciliation of the Governmental Funds Balance Sheet
to Statement of Net Position
For the Year Ended December 31, 2017

Total fund balance - total governmental funds		\$ 618,128
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheets.		192,153
Pension-related changes in net pension liability that are only reported in the Statement of Net Position as deferred outflows.		205,284
Pension-related changes in net pension liability that are only reported in the Statement of Net Position as deferred inflows.		(73,780)
Net pension liability is not due and payable in the current period and, therefore, not reported in the governmental funds.		
Due within one year	\$ -	\$ -
Due in more than one year	<u>(189,388)</u>	<u>(189,388)</u>
Net position of governmental activities		<u><u>\$ 752,397</u></u>

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2017

	Major Funds						Total
	General	Title IV-D Fund	Truancy Assessment Fund	Drug Court Fund	Pretrial Intervention Fund	Other Governmental Funds	
Revenues							
Intergovernmental:							
Federal grants	\$ 37,740	\$ -	\$ -	\$ 123,227	\$ -	\$ -	\$ 160,967
State grants	57,504	-	67,590	-	-	-	125,094
Local grants	-	-	16,892	-	-	-	16,892
State reimbursement of operating cost	-	104,366	-	-	-	-	104,366
Local reimbursement of operating cost	117,607	-	-	-	-	-	117,607
Fees, charges and commissions for services	397,976	-	-	17,905	32,711	4,654	453,246
Investment income	1,082	119	26	-	-	8	1,235
Other revenues	-	-	-	928	-	-	928
Total revenues	\$ 611,909	\$ 104,485	\$ 84,508	\$ 142,060	\$ 32,711	\$ 4,662	\$ 980,335
Expenditures							
Judiciary							
Personal services and related benefits	\$ 385,025	\$ 104,605	\$ 71,049	\$ 39,478	\$ -	\$ -	\$ 600,157
Travel and professional development	25,184	-	1,347	2,760	-	98	29,389
Operating services	66,087	1,870	-	1,133	-	3,301	72,391
Supplies	18,856	1,796	1,357	22,979	-	3,148	48,136
Contracted services	128,251	-	-	49,800	-	-	178,051
Total expenditures	\$ 623,403	\$ 108,271	\$ 73,753	\$ 116,150	\$ -	\$ 6,547	\$ 928,124
Excess (deficiency) of revenues over expenditures	\$ (11,494)	\$ (3,786)	\$ 10,755	\$ 25,910	\$ 32,711	\$ (1,885)	\$ 52,211
Other financing sources (uses):							
Transfers in	\$ 22,224	\$ 38,929	\$ 66,454	\$ 8,862	\$ 100	\$ -	\$ 136,569
Transfers out	(107,776)	(6,569)	-	-	(22,224)	-	(136,569)
Total other financing sources (uses):	\$ (85,552)	\$ 32,360	\$ 66,454	\$ 8,862	\$ (22,124)	\$ -	\$ -
Net change in fund balances	\$ (97,046)	\$ 28,574	\$ 77,209	\$ 34,772	\$ 10,587	\$ (1,885)	\$ 52,211
Fund balances at beginning of year	475,513	52,461	6,444	23,889	-	7,610	565,917
Fund balances at end of year	<u>\$ 378,467</u>	<u>\$ 81,035</u>	<u>\$ 83,653</u>	<u>\$ 58,661</u>	<u>\$ 10,587</u>	<u>\$ 5,725</u>	<u>\$ 618,128</u>

The accompanying notes are an integral part of this statement.

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of Governmental Funds to the
Statement of Activities
For the Year Ended December 31, 2017

Net change in fund balances - total governmental funds	\$ 52,211
Amounts reported for governmental activities in the statement of activities are different because:	
Depreciation expense on capital assets is reported in the government- wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	(8,062)
Pension expense is based on employer contributions in the governmental funds, but is an actuarially calculated expense on the statement of activities.	<u>(18,228)</u>
Change in net position of governmental activities	<u><u>\$ 25,921</u></u>

The accompanying notes are an integral part of this statement.

Statement of Fiduciary Net Position
 Agency Funds
 For the Year Ended December 31, 2017

	Bail Bond Collection Trust Fund	Asset Forfeiture Trust Fund	Total Agency Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 50	\$ 15	\$ 65
	<u> </u>	<u> </u>	<u> </u>
LIABILITIES			
Due to other funds	\$ 50	\$ 15	\$ 65
	<u> </u>	<u> </u>	<u> </u>

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

Thirty-Sixth Judicial District Attorney

Notes to the Financial Statements
As of and for the Year Ended December 31, 2017

INTRODUCTION

As provided by Article V, Section 26 of the Louisiana Constitution of 1974, the District Attorney has charge of every criminal prosecution by the state in his district, is the representative of the state before the grand jury in his district, and is the legal advisor to the grand jury. He performs other duties as provided by law. The District Attorney is elected by the qualified electors of the judicial district for a term of six years. His office is staffed by five Assistant District Attorneys, an investigator and eight secretarial/clerical employees. The Thirty-Sixth Judicial District comprises all of the Parish of Beauregard, State of Louisiana, and is located in the southwestern region of the state.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying basic financial statements of the Thirty-Sixth Judicial District Attorney have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements - Management's Discussion Analysis - for State and Local Governments*, issued in June 1999.

B. REPORTING ENTITY

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the District Attorney includes all funds, account groups and activities that are controlled by the District Attorney as an independently elected parish official. As an independently elected parish official, the District Attorney is solely responsible for the retention of employees, authority over budgeting, the responsibility for deficits, and the receipt and disbursement of funds. Other than certain operating expenditures of the District Attorney's office that are paid by the parish police jury as required by Louisiana law, the District Attorney's office is financially independent. Accordingly, the District Attorney is a separate governmental reporting entity. Certain units of local government over which the District Attorney exercises no oversight responsibility, such as the parish police jury, parish school board, other independently elected parish officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the parish District Attorney.

C. FUND ACCOUNTING

The District Attorney uses funds to maintain his financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions relating to certain District Attorney functions and activities. A fund is defined as a separate fiscal accounting entity with a self-balancing set of accounts.

Governmental Funds

Governmental funds account for all or most of the District Attorney's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources, which may be used to finance future period programs or operations of the District Attorney. The following are the District Attorney's major and non-major governmental funds:

Thirty-Sixth Judicial District Attorney

Notes to the Financial Statements (Continued)

Major Governmental Funds

General Fund – the primary operating fund of the District Attorney and it accounts for all financial resources, except for those in another fund. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the District Attorney’s policy.

Special Revenue Funds – to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

Special Revenue Major Governmental Funds

Title IV-D Fund – The Title IV-D Fund consists of reimbursement grants from the Louisiana Department of Social Services, authorized by Act 117 of 1975, to establish family and child support programs compatible with Title IV-D of the social security act. The purpose of the fund is to enforce the support obligation owed by absent parents to their families and children, to locate absent parents, to establish paternity, and to obtain family and child support.

Truancy Assessment Fund – The Truancy Assessment and Service Center Project will prevent and reduce the incidence of out-of-wedlock births by identifying children at risk of school failure due to excessive and unexcused absences and providing services to these children and their families. Truancy has been identified as a risk factor that contributes to the incidence of out-of-wedlock births. The purpose of the truancy assessment centers is to provide for the early identification and assessment of truants and the prompt delivery of coordinated interventions to prevent continued unauthorized school absences.

Drug Court Fund – The mission of the Thirty Sixth Judicial District Drug Court is to increase public safety through a court supervised substance abuse treatment program which is highly structured, carefully monitored and designed to promote offender responsibility and accountability with the goal of community reintegration of sober and productive citizens.

Pretrial Intervention Program – The District Attorney Pretrial Intervention Program is offered to certain offenders who qualify for participation as an alternative to prosecution. Participants will receive coordinated assistance in personal and group counseling, drug and alcohol rehabilitation and other community agencies appropriate to their particular needs.

Special Revenue Non-Major Governmental Fund

Worthless Check Fund – The Worthless Check Collection Fee Fund consists of fees collected in accordance with Louisiana Revised Statute 16:15, which provides for a specific fee whenever the District Attorney’s office collects and processes a worthless check. Expenditures from this fund are at the sole discretion of the District Attorney and may be used to defray the salaries and the expenses of the office of the District Attorney, but may not be used to supplement the salary of the District Attorney.

Fiduciary Funds – Fiduciary fund reporting focuses on net position and change in net position. The only funds accounted for in this category by the District Attorney are agency funds. The agency funds account for assets held by the District Attorney as an agent for various taxing bodies (tax collections) and for deposits held pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting. The following are the District Attorney’s fiduciary funds.

Agency Funds

Asset Forfeiture Trust Fund – The Asset Forfeiture Trust Fund was established under the provisions of LSA-R.S. 40:2616(B) which requires that all monies collected from the sale of seized or forfeited assets is deposited into the fund. The District Attorney administers the distribution of monies to the appropriate local, state or federal law enforcement agency that

Notes to the Financial Statements (Continued)

participated in the activity that led to the seizure or forfeiture of the property or deposit of monies under and subject to LSA-R.S. 40:2616 (B).

Bail Bond Collection Trust Fund – The Bail Bond Collection Trust Fund was established in compliance with LSA-R.S. 15:571.11. The District Attorney collects on a judgment of bond forfeiture and distributes the proceeds according to this statute. Thirty percent of all funds collected shall be disbursed to the District Attorney’s general fund, twenty-five percent of all funds collected shall be disbursed to the parish’s criminal court fund, twenty-five percent shall be disbursed to the sheriff’s general fund and the remaining twenty percent shall be disbursed to the Indigent Defender Program. All funds shall be disbursed to the parish where the bonds were posted.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Fund Financial Statements (FFS)

The amounts reflected in the General Fund and Other Funds, of Statements C and E, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of District Attorney operations.

The amounts reflected in the General Fund and Other Funds, of Statements C and E, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means that amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District Attorney considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Commissions on fines and bond forfeitures are recorded in the year in which they are collected by the parish tax collector.

Reimbursements are recorded when the District Attorney is entitled to the funds.

Interest income on investments is recorded when the investments have matured and the income is available.

Substantially all other revenues are recorded when received.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (and any other financing source/use) are accounted for as other financing sources (uses). These sources (uses) are recorded when the expenditure is incurred.

Thirty-Sixth Judicial District Attorney

Notes to the Financial Statements (Continued)

Government-Wide Financial Statements (GWFS)

The column labeled Statement of Net Position (Statement A) and the column labeled Statement of Activities (Statement B) display information about the District Attorney's non fiduciary activities as a whole. These statements include all the financial activities of the District Attorney. Information contained in these columns reflect the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues – Program revenues included in the column labeled Statement of Activities (Statement B) are derived directly from District Attorney users as a fee for services; program revenues reduce the cost of the function to be financed from the District Attorney's general fund.

When both restricted and unrestricted resources are available for use, it is the entity's policy to use restricted resources first, and then unrestricted resources, as they are needed.

The District Attorney has not established a policy for use of the unrestricted fund balance, therefore it considers committed fund balances to be used first, then assigned fund balances to be used next and finally the unassigned fund balance will be used.

E. BUDGET

The District Attorney uses the following budget practices:

The budgets of the District Attorney of the Thirty-Sixth Judicial District, are adopted in accordance with Louisiana Revised Statutes 39:1301-1314. Annually the District Attorney adopts a budget for the General and Special Revenue Funds. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget, and public hearings on the budget. Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying financial statements include original adopted budget amounts and all subsequent amendments. The budget for the General and Special Revenue Funds is adopted on a basis consistent with generally accepted accounting principles (GAAP).

F. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest bearing demand deposits and money market accounts. Cash equivalents include amounts in time deposits and those other investments with original maturities of 90 days or less. Under state law, the District Attorney may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Under state law, the District Attorney may invest in United States bonds, treasury notes, or certificates. These are classified as investments, if their original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost. At December 31, 2017 the District Attorney had no investments.

G. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

H. CAPITAL ASSETS

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District Attorney maintains a threshold level of \$5,000 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Position and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Building and building improvements	20 - 40 years
Furniture and equipment	5-15 years

I. COMPENSATED ABSENCES

The District Attorney has the following policy relating to vacation and sick leave:

Employees of the District Attorney earn vacation leave at varying rates, depending on length of service, which does not accumulate. Upon resignation, unused vacation leave is paid to the employee at his current rate of pay.

Employees earn sick leave at the rate of one day a month, effective immediately upon employment. Ten days a year, not to exceed 30 days, may be accumulated. Unused sick leave lapses upon termination of employment.

At December 31, 2017 the District Attorney had no accumulated and vested leave benefits required to be reported in accordance with NCGA Statement 4 and Statement of Financial Accounting Standard (SFAS) 43.

J. RESTRICTED NET POSITION

For the government wide statement of net position, net position is reported as restricted when constraints placed on net position use are either:

1. externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or
2. imposed by law through constitutional provisions or enabling legislation.

K. FUND BALANCES

Restricted Amounts that are restricted to specific purposes should be reported as restricted fund balance. Fund balance should be reported when constraints placed on the use of resources are either:

- a. externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- b. imposed by law through constitutional provisions or enabling legislation.

Unassigned Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

L. EXTRAORDINARY AND SPECIAL ITEMS

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the District Attorney, which are either unusual in nature or infrequent in occurrence. The District Attorney had no extraordinary or special items as of December 31, 2017.

M. INTERFUND TRANSACTIONS

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transactions are reported as transfers.

N. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

O. PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District Attorney’s Retirement System of Louisiana (DARS) and the Parochial Employee’s Retirement System of Louisiana (PERS) and additions to/deductions from DARS and PERS fiduciary net positions have been determined on the same basis as they are reported by DARS and PERS. The financial statements were prepared using the accrual basis of accounting. Member and employer contributions are recognized when due, pursuant to formal commitments and statutory requirements. Benefits and refunds of employee contributions are recognized when due and payable in accordance with the statutes governing DARS and PERS. Expenses are recognized when the liability is incurred, regardless of when payment is made. Investments are reported at fair value on a trade date basis. The fiduciary net position is reflected in the measurement of the District Attorney’s proportionate share of the plans net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense.

P. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

The Statement of Net Position reports a separate section for deferred outflows and (or) deferred inflows of financial resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until the applicable period. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources until that time.

2. EXCESS EXPENDITURES OVER APPROPRIATIONS

The following individual fund had actual expenditures over budgeted appropriations for the year ended December 31, 2017:

Fund	Original Budget	Final Budget	Actual	Unfavorable Variance
Truancy Assessment Fund	\$ 72,600	\$ 73,600	\$ 73,753	\$ 153

Thirty-Sixth Judicial District Attorney

Notes to the Financial Statements (Continued)

3. CASH AND CASH EQUIVALENTS

At December 31, 2017, the District Attorney has cash and cash equivalents (book balances) totaling \$559,186 as follows:

NOW accounts	\$	170,958
Interest bearing demand deposits		66,068
Time deposits		256,671
Demand deposits		65,489
Total	<u>\$</u>	<u>559,186</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2017, the District Attorney has \$576,203 in deposits (collected bank balances). These deposits are secured from risk by \$576,203 of federal deposit insurance.

4. RECEIVABLES

The receivables of \$100,848 at December 31, 2017, are as follows:

Class of receivable	General Fund	Special Revenue Funds			Total
		Title IV-D Fund	Truancy Assessment Fund	Drug Court Funds	
Intergovernmental	\$ 12,085	\$ 17,368	\$ 20,276	\$ 18,771	\$ 68,500
Accounts receivable	32,348	-	-	-	32,348
Total	<u>\$ 44,433</u>	<u>\$ 17,368</u>	<u>\$ 20,276</u>	<u>\$ 18,771</u>	<u>\$ 100,848</u>

5. INTERFUND RECEIVABLES/PAYABLES

The following due to/from balances exist due to payments made out of one fund that relate to the other fund. The balance in each respective due to/from account is expected to be paid within the current year. These amounts represent loans until monies from grants are received.

	Due from	Due to
General fund	\$ 65	\$ -
Agency funds	-	65
Total	<u>\$ 65</u>	<u>\$ 65</u>

Thirty-Sixth Judicial District Attorney

Notes to the Financial Statements (Continued)

6. INTERFUND TRANSFERS

	<u>Transfers in</u>	<u>Transfers out</u>
General fund	\$ 22,224	\$ 107,776
Title IV-D fund	38,929	6,569
Truancy assessment fund	66,454	-
Drug court fund	8,862	-
Pretrial intervention fund	100	22,224
Total	<u>\$ 136,569</u>	<u>\$ 136,569</u>

Transfers are made as needed for financing activities and also to correct improper deposits to the funds.

7. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2017, for the District Attorney is as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets being depreciated:				
Building improvements	\$ 313,756	\$ -	\$ -	\$ 313,756
Equipment and furniture	296,639	-	-	296,639
Total capital assets being depreciated	<u>\$ 610,395</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 610,395</u>
Less accumulated depreciation for:				
Building improvements	\$ 123,795	\$ 5,963	\$ -	\$ 129,758
Equipment and furniture	286,385	2,099	-	288,484
Total accumulated depreciation	<u>\$ 410,180</u>	<u>\$ 8,062</u>	<u>\$ -</u>	<u>\$ 418,242</u>
Total capital assets being depreciated, net	<u>\$ 200,215</u>	<u>\$ (8,062)</u>	<u>\$ -</u>	<u>\$ 192,153</u>

Depreciation expense of \$8,062 for the year ended December 31, 2017, was charged to the following governmental functions:

Judicial	<u>\$ 8,062</u>
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8. ACCOUNTS AND OTHER PAYABLES

The payables of \$41,971 at December 31, 2017, are as follows:

	<u>General Fund</u>	<u>Drug Court Fund</u>	<u>Pretrial Intervention Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Accounts	\$ 7,133	\$ 1,205	\$ -	\$ -	\$ 8,338
Payroll taxes	1,627	-	-	-	1,627
Due to others	21,522	-	7,394	3,090	32,006
Total	<u>\$ 30,282</u>	<u>\$ 1,205</u>	<u>\$ 7,394</u>	<u>\$ 3,090</u>	<u>\$ 41,971</u>

9. PENSION PLANS

The District Attorney and Assistant District Attorneys are members of the Louisiana District Attorneys Retirement System (System), a cost sharing multiple-employer defined benefit pension plan administered by a separate board of trustees.

Assistant District Attorneys who earn, as a minimum, the amounts paid by the state for Assistant District Attorneys and are under the age of 60 at the time of original employment and all District Attorneys are required to participate in the System. For members who joined the System before July 1, 1990, and who elected not to be covered by the new provisions, the following applies: Any member with 23 or more years of creditable service regardless of age may retire with a 3% benefit reduction for each year below age 55, provided that no reduction is applied if the member has 30 or more years of service. Any member with at least 18 years of service may retire at age 55 with a 3% benefit reduction for each year below age 60. In addition, any member with at least 10 years of service may retire at age 60 with a 3% benefit reduction for each year retiring below the age of 62. The retirement benefit is equal to 3% of the member's average final compensation multiplied by the number of years of his membership service, not to exceed 100% of his average final compensation. For members who joined the System after July 1, 1990, or who elected to be covered by the new provisions, the following applies: Members are eligible to receive normal retirement benefits if they are age 60 and have 10 years of service credit, are age 55 and have 24 years of service credit, or have 30 years of service credit regardless of age. The normal retirement benefit is equal to 3.5% of the member's final-average compensation multiplied by years of membership service. A member is eligible for early retirement if he is age 55 and has 18 years of service credit. The early retirement benefit is equal to the normal retirement benefit reduced 3% for each year the member retires in advance of normal retirement age. Benefits may not exceed 100% of average final compensation. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana District Attorneys Retirement System, 2109 Decatur Street, New Orleans, Louisiana 70116-2091, or by calling (504) 947-5551.

FUNDING POLICY

Plan members are required by state statute to contribute 8.0% of their annual covered salary and the District Attorney is required to contribute at an actuarially determined rate. The current rate is 0.00% of annual covered payroll. Contributions to the System also include .2% of the ad valorem taxes collected throughout the state and revenue sharing funds as appropriated by the legislature. The contribution requirements of plan members and the District Attorney are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District Attorney's contributions to the System for the years ending December 31, 2017, 2016, and 2015 were \$-0-, \$3,929, and \$11,628, respectively equal to the required contributions for each year.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2017, the District Attorney reported a liability of \$146,663 for his proportionate share of net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District Attorney's proportion of the net pension liability was based on a projection of the District Attorney's long-term share of contributions to the pension plan relative to the projected contributions of all participating District Attorneys, actuarially determined. At June 30, 2017, the District Attorney's proportion was .543756%, which was an increase of .203009 % from his proportion measured as of June 30, 2016.

Thirty-Sixth Judicial District Attorney

Notes to the Financial Statements (Continued)

For the year ended December 31, 2017, the District Attorney recognized pension expense of \$55,069. At December 31, 2017, the District Attorney recognized deferred outflows of resources and deferred inflows of resources related to pension from the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 38,557
Changes of assumptions	65,755	17,308
Net difference between projected and actual earnings on pension plan investments	58,859	-
Changes in proportion and differences between District Attorney contributions and proportionate share of contributions	23,491	10,379
Employer contributions subsequent to the measurement date	-	-
Total	<u>\$ 148,105</u>	<u>\$ 66,244</u>

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:		
2018	\$	5,895
2019		34,866
2020		17,760
2021		4,763
2022		7,478
2023		11,099
Total	\$	<u>81,861</u>

Actuarial Methods and Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 are as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal Cost
Actuarial Assumptions:	
Investment Rate of Return (Discount Rate)	6.75% (Net of investment expense)
Projected Salary Increases	5.50% (2.50% Inflation, 3.00% Merit)
Mortality Rates	The RP 2000 Combined Healthy with White Collar Adjustment Sex Distinct Tables (set back 1 year for females) for employee, annuitants, and beneficiaries. The RP 2000 Disabled Lives Mortality Table (set back 5 years for males and set back 3 years for females) for disabled annuitants.

Thirty-Sixth Judicial District Attorney

Notes to the Financial Statements (Continued)

Expected Remaining Service Lives	2017 – 7 years 2016 – 7 years
Cost of Living Adjustments	Only those previously granted

The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System’s liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The resulting expected long-term rate of return is 9.06% for the year ending June 30, 2017.

The best estimates of arithmetic real rates of return for each major asset class based on the System’s target asset allocation as of June 30, 2017 were as follows:

Asset Class	Long-Term Target Asset Allocation	Rates of Return	
		Real	Nominal
Equity	61.72%	11.31%	
Fixed income	28.95%	6.84%	
Alternatives	8.85%	10.50%	
Real Estate	0.48%	0.50%	
Totals	100.00%		6.56%
Inflation			2.50%
Expected Arithmetic Nominal Return			9.06%

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System’s actuary. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.75%, as well as what the employers’ net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.75%, or one percentage point higher 7.75% than the current rate:

	Changes in Discount Rate 2017		
	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net Pension Liability/(Asset)	\$ 419,107	\$ 146,663	\$ (84,850)

Thirty-Sixth Judicial District Attorney

Notes to the Financial Statements (Continued)

Substantially all other employees of the District Attorney of the Thirty-Sixth Judicial District, Parish of Beauregard, State of Louisiana are members of the Parochial Employees' Retirement System of Louisiana (System), a cost sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the District Attorney are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to 1% of final average salary plus \$24 for each year of supplemental-plan-only service earned before January 1, 1980. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, PO Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

FUNDING POLICY

Under Plan A, members are required by state statute to contribute 9.5% of their annual covered salary and the District Attorney is required to contribute at an actuarially determined rate. The current rate is 12.50% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the District Attorney are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District Attorney's contributions to the System under Plan A for the years ending December 31, 2017, 2016, and 2015, were \$15,903, \$15,994, and \$17,694, respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2017, the District Attorney reported a liability of \$42,725 for his proportionate share of net pension liability. The net pension liability was measured as of December 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District Attorney's proportion of the net pension liability was based on a projection of the District Attorney's long-term share of contributions to the pension plan relative to the projected contributions of all participating District Attorney's, actuarially determined. At December 31, 2017, the District Attorney's proportion was .020745%, which was a decrease of .000538% from his proportion measured as of December 31, 2016.

Thirty-Sixth Judicial District Attorney

Notes to the Financial Statements (Continued)

For the year ended December 31, 2017, the District Attorney recognized pension expense of \$25,288. At December 31, 2017, the District Attorney recognized deferred outflows of resources and deferred inflows of resources related to pension from the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 7,475
Changes of assumptions	8,112	-
Net difference between projected and actual earnings on pension plan investments	33,156	-
Changes in proportion and differences between District Attorney contributions and proportionate share of contributions	8	61
Employer contributions subsequent to the measurement date	15,903	-
Total	<u>\$ 57,179</u>	<u>\$ 7,536</u>

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2017	\$ 12,540
2018	13,372
2019	8,724
2020	(896)
Total	<u>\$ 33,740</u>

Actuarial Methods and Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2016 are as follows:

Valuation Date	December 31, 2016
Actuarial Cost Method	Plan A – Entry Age Normal
Investment Rate of Return	7.00% Net of investment expense, including inflation
Estimated Remaining Service Lives	4 years
Projected Salary Increases	Plan A – 5.25% (2.75% Merit / 2.50% Inflation)
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the system and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees
Mortality	RP-2000 Employee Sex Distinct Table was selected for employees. RP-2000 Healthy Annuitant Sex Distinct Table was selected for annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.

Thirty-Sixth Judicial District Attorney

Notes to the Financial Statements (Continued)

The discount rate used to measure the total pension liability was 7.00% for Plan A. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Change in Assumptions:

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.66% for the year ending December 31, 2016.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Fixed Income	35.00%	1.24%
Equity	52.00%	3.63%
Alternatives	11.00%	0.67%
Real assets	2.00%	0.12%
Totals	<u>100.00%</u>	<u>5.66%</u>
Inflation		2.00%
Expected Arithmetic Nominal Return		<u>7.66%</u>

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2010 through December 31, 2014. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The RP-2000 Healthy Annuitant Mortality Sex Distinct Tables (set forward two years for males and set forward one year for females) projected to 2031 using Scale AA was selected for annuitants and beneficiaries. For disabled annuitants, the RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females was selected. For active employees, the RP-2000 Employee Sex Distinct Tables set back 4 years for males and 3 years for females was used.

Thirty-Sixth Judicial District Attorney

Notes to the Financial Statements (Continued)

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.00%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.00%, or one percentage point higher 8.00% than the current rate as of June 30, 2017:

	Changes in Discount Rate		
	1%	Current	1%
	Decrease	Discount	Increase
	6.00%	7.00%	8.00%
Net Pension Liability	\$ 127,806	\$ 42,725	\$ (29,215)

10. DEFERRED COMPENSATION PLAN

The District Attorney offers membership in the State of Louisiana, Public Employees Deferred Compensation Plan, a qualified retirement plan under section 457 of the Internal Revenue Code administered by Great West Life and Annuity Insurance Company.

The Louisiana Deferred Compensation Plan provides state, parish and municipal employees with the opportunity to invest money on a before-tax basis, using payroll deduction. Participants defer federal and state income tax on their contributions. In addition, interest or earnings on the account accumulates tax-deferred. Participants may join the plan with as little as \$10 per pay period, or \$20 per month, and contribute up to a maximum of 25% of taxable compensation, not to exceed \$18,000 per calendar year for those participants under age 50, for participants age 50 and older the limit is \$24,000.

A special "catch-up" provision may be used to invest up to \$36,000 per year for the three years prior to retirement. Any amount excluded from gross income through salary reduction under a 403(b) annuity, a 401(k) profit-sharing plan or a Simplified Employee Pension (SEP) is to be treated as amounts deferred under this deferred compensation plan. Participants joining the Plan may choose the amount to contribute and the investment option(s). They may revise their choice at any time, transfer monies to other available investment options and may increase, decrease or stop deferrals at any time. The Plan offers both a guaranteed option and variable investment options, from which participants may select a fund or combination of funds to satisfy their personal investment objectives. Each of the funds has independent investment objectives and utilizes different investment strategies. With the exception of the Great-West Guaranteed Fund, the remaining investments options are variable in nature. Values of the variable options are not guaranteed as to a fixed dollar amount and may increase or decrease according to the investment experience of the underlying portfolio. The expense to administer the Plan is borne by all participants. The administrative fee is .85% and is assessed on each of the options selected. The variable options also have investment management fees that vary based upon the options chosen. Both the administrative and investment management fees are calculated and deducted daily on a pro-rata basis. There are no annual contract charges or transaction charges. At retirement, 100% of the account value will be applied to any of the following settlement options chosen. These options include among others:

- Periodic payment
- Payments over your lifetime
- Payments for a specific time or amount
- Joint and survivor benefits
- Lump-sum payment
- Any combination of the above option

The Plan is administered by Great-West Life and Annuity Insurance Company; 2237 South Acadian Thruway, Suite 702; Baton Rouge, LA 70808; (800) 937-7604 or (225) 926-8086.

11. EXPENDITURES OF THE DISTRICT ATTORNEY NOT INCLUDED IN THE ACCOMPANYING FINANCIAL STATEMENTS

The accompanying financial statements do not include certain expenditures of the District Attorney paid out of the criminal court fund, the parish police jury or directly by the state. A portion of the salaries of the District Attorney and Assistant District Attorneys are paid directly by the state. The parish police jury pays certain salaries and employer contributions of secretarial personnel.

12. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended December 31, 2017.

	Net Pension Liability
Long-term obligations at beginning of year	\$ 121,244
Additions	68,144
Reductions	-
Long-term obligations at end of year	<u>\$ 189,388</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of December 31, 2017:

	Net Pension Liability
Current portion	\$ -
Long-term portion	189,388
Total	<u>\$ 189,388</u>

REQUIRED SUPPLEMENTAL INFORMATION

General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amount Budgetary Basis	Budget to Actual differences over (under)
	Original	Final		
Revenues				
Intergovernmental:				
Federal grants	\$ 48,000	\$ 38,000	\$ 37,740	\$ (260)
State grants	50,000	57,500	57,504	4
Local reimbursement of operating cost	130,000	118,000	117,607	(393)
Fees, charges and commissions for services	450,000	400,000	397,976	(2,024)
Investment income	1,000	1,000	1,082	82
Total revenues	<u>\$ 679,000</u>	<u>\$ 614,500</u>	<u>\$ 611,909</u>	<u>\$ (2,591)</u>
Expenditures				
Judiciary:				
Personal services and related benefits	\$ 420,000	\$ 390,000	\$ 385,025	\$ 4,975
Travel and professional development	25,000	43,000	25,184	17,816
Operating services	80,000	25,000	66,087	(41,087)
Supplies	18,000	25,000	18,856	6,144
Contracted services	130,000	150,000	128,251	21,749
Total expenditures	<u>\$ 673,000</u>	<u>\$ 633,000</u>	<u>\$ 623,403</u>	<u>\$ 9,597</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 6,000</u>	<u>\$ (18,500)</u>	<u>\$ (11,494)</u>	<u>\$ 7,006</u>
Other financing sources (uses):				
Transfers in	\$ -	\$ 22,500	\$ 22,224	\$ (276)
Transfers out	-	(107,600)	(107,776)	(176)
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ (85,100)</u>	<u>\$ (85,552)</u>	<u>\$ (452)</u>
Net change in fund balance	\$ 6,000	\$ (103,600)	\$ (97,046)	\$ 6,554
Fund balances at beginning of year	<u>423,000</u>	<u>475,513</u>	<u>475,513</u>	<u>-</u>
Fund balances at end of year	<u>\$ 429,000</u>	<u>\$ 371,913</u>	<u>\$ 378,467</u>	<u>\$ 6,554</u>

Special Revenue Fund
Title IV-D Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amount Budgetary Basis	Budget to Actual differences over (under)
	Original	Final		
Revenues				
State reimbursement of operating cost	\$ 100,000	\$ 105,000	\$ 104,366	\$ (634)
Investment income	100	100	119	19
Total revenues	<u>\$ 100,100</u>	<u>\$ 105,100</u>	<u>\$ 104,485</u>	<u>\$ (615)</u>
Expenditures				
Judiciary:				
Personal services and related benefits	\$ 90,000	\$ 105,000	\$ 104,605	\$ 395
Operating services	-	-	1,870	(1,870)
Supplies	2,000	4,000	1,796	2,204
Total expenditures	<u>\$ 92,000</u>	<u>\$ 109,000</u>	<u>\$ 108,271</u>	<u>\$ 729</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 8,100</u>	<u>\$ (3,900)</u>	<u>\$ (3,786)</u>	<u>\$ 114</u>
Other financing sources (uses):				
Transfers out	\$ -	\$ (6,500)	\$ (6,569)	\$ (69)
Transfers in	-	39,000	38,929	(71)
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 32,500</u>	<u>\$ 32,360</u>	<u>\$ (140)</u>
Net change in fund balance	\$ 8,100	\$ 28,600	\$ 28,574	\$ (26)
Fund balances at beginning of year	<u>47,000</u>	<u>52,461</u>	<u>52,461</u>	<u>-</u>
Fund balances at end of year	<u>\$ 55,100</u>	<u>\$ 81,061</u>	<u>\$ 81,035</u>	<u>\$ (26)</u>

Special Revenue Fund
Truancy Assessment Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amount Budgetary Basis	Budget to Actual differences over (under)
	Original	Final		
Revenues				
State grants	\$ 67,600	\$ 67,600	\$ 67,590	\$ (10)
Local grants	8,400	17,000	16,892	(108)
Investment income	-	30	26	(4)
Total revenues	<u>\$ 76,000</u>	<u>\$ 84,630</u>	<u>\$ 84,508</u>	<u>\$ (122)</u>
Expenditures				
Judiciary:				
Personal services and related benefits	\$ 70,000	\$ 71,000	\$ 71,049	\$ (49)
Travel and professional development	1,300	1,300	1,347	(47)
Supplies	1,300	1,300	1,357	(57)
Total expenditures	<u>\$ 72,600</u>	<u>\$ 73,600</u>	<u>\$ 73,753</u>	<u>\$ (153)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 3,400</u>	<u>\$ 11,030</u>	<u>\$ 10,755</u>	<u>\$ (275)</u>
Other financing sources:				
Transfers in	<u>\$ -</u>	<u>\$ 66,000</u>	<u>\$ 66,454</u>	<u>\$ 454</u>
Net change in fund balance	\$ 3,400	\$ 77,030	\$ 77,209	\$ 179
Fund balance at beginning of year	<u>6,000</u>	<u>6,444</u>	<u>6,444</u>	<u>-</u>
Fund balances at end of year	<u>\$ 9,400</u>	<u>\$ 83,474</u>	<u>\$ 83,653</u>	<u>\$ 179</u>

Special Revenue Fund
Drug Court Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amount Budgetary Basis	Budget to Actual differences over (under)
	Original	Final		
Revenues				
Federal grants	\$ 122,500	\$ 123,000	\$ 123,227	\$ 227
Fees, charges and commissions for services	20,000	18,000	17,905	(95)
Other revenues	-	-	928	928
Total revenues	<u>\$ 142,500</u>	<u>\$ 141,000</u>	<u>\$ 142,060</u>	<u>\$ 1,060</u>
Expenditures				
Judiciary:				
Personal services and related benefits	\$ 40,000	\$ 40,000	\$ 39,478	\$ 522
Travel and professional development	4,400	3,000	2,760	240
Operating services	4,600	2,000	1,133	867
Supplies	15,000	23,000	22,979	21
Contracted services	60,900	50,000	49,800	200
Total expenditures	<u>\$ 124,900</u>	<u>\$ 118,000</u>	<u>\$ 116,150</u>	<u>\$ 1,850</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 17,600</u>	<u>\$ 23,000</u>	<u>\$ 25,910</u>	<u>\$ 2,910</u>
Other financing sources:				
Transfers in	<u>\$ -</u>	<u>\$ 9,000</u>	<u>\$ 8,862</u>	<u>\$ (138)</u>
Net change in fund balance	\$ 17,600	\$ 32,000	\$ 34,772	\$ 2,772
Fund balance at beginning of year	<u>23,000</u>	<u>23,889</u>	<u>23,889</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 40,600</u></u>	<u><u>\$ 55,889</u></u>	<u><u>\$ 58,661</u></u>	<u><u>\$ 2,772</u></u>

Special Revenue Fund
 Pretrial Intervention Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amount Budgetary Basis	Budget to Actual differences over (under)
	Original	Final		
Revenues				
Fees, charges and commissions for services	\$ 37,400	\$ 37,400	\$ 32,711	\$ (4,689)
Expenditures				
Judiciary:				
Operating services	\$ 13,000	\$ 13,000	\$ -	\$ 13,000
Contracted services	2,400	2,400	-	2,400
Total expenditures	\$ 15,400	\$ 15,400	\$ -	\$ 15,400
Excess (deficiency) of revenues over expenditures	\$ 22,000	\$ 22,000	\$ 32,711	\$ 10,711
Other financing sources (uses):				
Transfers in	\$ -	\$ -	\$ 100	\$ 100
Transfers out	(22,000)	(22,000)	(22,224)	(224)
Total other financing sources (uses)	\$ (22,000)	\$ (22,000)	\$ (22,124)	\$ (124)
Net change in fund balance	\$ -	\$ -	\$ 10,587	\$ 10,587
Fund balance at beginning of year	-	-	-	-
Fund balances at end of year	\$ -	\$ -	\$ 10,587	\$ 10,587

Schedule of the District Attorney's Share of the Net Pension Liability
For the Year Ended December 31, 2017

District Attorneys' Retirement System of Louisiana	<u>December 31, 2015</u>	<u>December 31, 2016</u>	<u>December 31, 2017</u>
District Attorney's proportion of the net pension liability (asset)	.430685%	.340747%	.543723%
District Attorney's proportionate share of the net pension liability (asset)	\$ 23,199	\$ 65,221	\$ 146,663
District Attorney's covered-employee payroll	\$ 221,886	\$ 224,516	\$ 259,123
District Attorney's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	10.46%	29.05%	56.60%
Plan fiduciary net position as a percentage of the total pension liability	98.56%	95.09%	93.57%
Parochial Employees' Retirement System of Louisiana	<u>December 31, 2015</u>	<u>December 31, 2016</u>	<u>December 31, 2017</u>
District Attorney's proportion of the net pension liability (asset)	.020837%	.021283%	.020745%
District Attorney's proportionate share of the net pension liability (asset)	\$ 5,697	\$ 56,023	\$ 42,725
District Attorney's covered-employee payroll	\$ 122,028	\$ 123,028	\$ 127,228
District Attorney's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	4.67%	45.54%	33.58%
Plan fiduciary net position as a percentage of the total pension liability	99.15%	92.23%	94.15%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Schedule of the District Attorney's Pension Contribution
For the Year Ended December 31, 2017

District Attorneys' Retirement System of Louisiana	December 31, 2015	December 31, 2016	December 31, 2017
Contractually required contribution	\$ 11,628	\$ 3,929	\$ -
Contributions in relation to the contractually required contribution	<u>11,628</u>	<u>3,929</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District Attorney's covered-employee payroll	\$ 221,886	\$ 224,516	\$ 259,123
Contributions as a percentage of covered-employee payroll	5.24%	1.75%	0.00%
Parochial Employees' Retirement System of Louisiana	December 31, 2015	December 31, 2016	December 31, 2017
Contractually required contribution	\$ 17,694	\$ 15,994	\$ 15,903
Contributions in relation to the contractually required contribution	<u>17,694</u>	<u>15,994</u>	<u>15,903</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District Attorney's covered-employee payroll	\$ 122,028	\$ 123,028	\$ 127,228
Contributions as a percentage of covered-employee payroll	14.50%	13.00%	12.50%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

OTHER SUPPLEMENTAL SCHEDULES

Thirty- Sixth Judicial District Attorney

Non-major Fund

WORTHLESS CHECK FUND

Worthless Check Fund – The Worthless Check Collection Fee Fund consists of fees collected in accordance with Louisiana Revised Statute 16:15, which provides for a specific fee whenever the District Attorney’s office collects and processes a worthless check. Expenditures from this fund are at the sole discretion of the District Attorney and may be used to defray the salaries and the expenses of the office of the District Attorney, but may not be used to supplement the salary of the District Attorney.

Balance Sheet
 Non-major Governmental Fund
 For the Year Ended December 31, 2017

	Worthless Check Fund
ASSETS	
Cash and cash equivalents	\$ 8,815
LIABILITIES AND FUND BALANCES	
Liabilities:	
Due to others	\$ 3,090
Fund Balances:	
Restricted	\$ 5,725
Total liabilities and fund balances	\$ 8,815

Statement of Revenues, Expenditures and Changes in Fund Balances
 Non-major Governmental Fund
 For the Year Ended December 31, 2017

	Worthless Check Fund
Revenues	
Fees, charges and commissions for services	\$ 4,654
Investment income	8
Total revenues	<u>\$ 4,662</u>
Expenditures	
Judiciary	
Travel and professional development	\$ 98
Operating services	3,301
Supplies	3,148
Total expenditures	<u>\$ 6,547</u>
Net change in fund balances	\$ (1,885)
Fund balances at beginning of year	<u>7,610</u>
Fund balances at end of year	<u>\$ 5,725</u>

Schedule of Compensation, Benefits and
Other Payments to Agency Head
For the Year Ended December 31, 2017

Agency Head Name - James R. Lestage

Purpose	Amount
Salary - District Attorney's Office	\$ 96,432
Salary - State of Louisiana	50,000
Benefits - insurance	9,843
Benefits - retirement	-
Deferred compensation	6,000
Benefits - other	-
Car allowance	4,500
Vehicle provided by government	-
Cell phone	1,611
Dues	655
Vehicle rental	-
Per diem	1,311
Reimbursements	-
Travel	445
Registration fees	625
Conference travel	211
Housing	2,343
Unvouchered expenses	-
Special meals	148
Other	-

OTHER REPORTS

Schedule of Prior Year Audit Findings
For the Year Ended December 31, 2017

There were no prior year audit findings reported as of December 31, 2016.

Schedule of Current Year Audit Findings and Management's Response
For the Year Ended December 31, 2017

There were no current year audit findings reported as of December 31, 2017.

Windham & Reed, L.L.C.

Certified Public Accountants

1620 North Pine Street
DeRidder, LA 70634
Tel: (337) 462-3211
Fax: (337) 462-0640

John A. Windham, CPA
Charles M. Reed, Jr., CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

The Honorable James R. Lestage
Thirty-Sixth Judicial District Attorney
Parish of Beauregard
State of Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Thirty-Sixth Judicial District Attorney as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Thirty-Sixth Judicial District Attorney's basic financial statements, and have issued our report thereon dated May 23, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Thirty-Sixth Judicial District Attorney's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Thirty-Sixth Judicial District Attorney's internal control. Accordingly, we do not express an opinion on the effectiveness of the Thirty-Sixth Judicial District Attorney's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The Honorable James R. Lestage
Thirty-Sixth Judicial District Attorney
Parish of Beauregard
State of Louisiana
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Thirty-Sixth Judicial District Attorney's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



DeRidder, Louisiana
May 23, 2018

Windham & Reed, L.L.C.

Certified Public Accountants

1620 North Pine Street
DeRidder, LA 70634
Tel: (337) 462-3211
Fax: (337) 462-0640

John A. Windham, CPA
Charles M. Reed, Jr., CPA

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable James R. Lestage
Thirty-Sixth Judicial District Attorney
Parish of Beauregard
State of Louisiana

We have performed the procedures enumerated below, which were agreed to by Thirty-Sixth Judicial District Attorney (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
Written policies and procedures were obtained and address the functions above.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
Written policies and procedures were obtained and address the functions above.
 - c) **Disbursements**, including processing, reviewing, and approving
Written policies and procedures were obtained and address the functions above.
 - d) **Receipts**, including receiving, recording, and preparing deposits
Written policies and procedures were obtained and address the functions above.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
Written policies and procedures were obtained and address the functions above.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
Written policies and procedures were obtained and address the functions above.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
Written policies and procedures were obtained and address the functions above.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
Written policies and procedures were obtained and address the functions above.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
Written policies and procedures were obtained and address the functions above.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
There was no written policy for debt service. The District Attorney has not incurred any debt during the fiscal year.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
 - c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.
The District Attorney does not have a board or finance committee, these procedures are not applicable.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

We obtained a complete listing of the District Attorney's bank accounts and management's representation that the listing is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Monthly bank statements and bank reconciliations were obtained for selected bank accounts each month of the fiscal year. No exceptions were noted.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

The bank reconciliations provide evidence of management review.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

We noted an exception that management did not have documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months.

Management's Response: The finance director will begin to research these items and take appropriate action.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

A listing of cash collection locations and management's representation has been obtained. All cash collections take place at the District Attorney's office.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are

compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

The individuals responsible for collecting cash are bonded and are not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the bank account. One cash register is used at the location.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

The District Attorney's finance director reconciles cash collections to the ledger and is not involved in the collection process.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Exception: Cash collections are not deposited daily. The finance director deposits them weekly.

Management's Response: We will try to deposit cash collections more frequently if economically feasible.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Daily cash collections were supported by related case reports and documentation.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

There was no written policy or procedure specifically defined to determine completeness of all collections, including EFTs, for each revenue source by a person not responsible for collections.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

We obtained a listing along with management's representation.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
A purchase order or requisition system is not used. Approval for disbursements is made by the District Attorney and payments are processed by the office's finance director. No exceptions were noted.
- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
A purchase order or requisition system is not used. Approval for disbursements is made by the District Attorney and payments are processed by the office's finance director. No exceptions were noted.
- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.
A purchase order or requisition system is not used. Each examined invoice had proper approval without any exceptions noted.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.
The person responsible for processing payments is not prohibited from adding vendors.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.
The District Attorney and the finance director are the only two with signatory authority; however, the finance director records purchases and the District Attorney can initiate them.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.
Unused checks are kept locked in the finance director's office; however, the finance director has signatory authority.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.
No signature stamp is used.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
A listing of active credit cards along with management's representation was obtained.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

Monthly statements were obtained. No exceptions were noted.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

There was no evidence that finance charges or late fees were assessed.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

No exceptions were noted.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

Obtained documentation of the business purpose. No exceptions were noted.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Not applicable.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

No exceptions were noted.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions were noted.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

A listing of all travel and related expense reimbursements along with management's representation was obtained.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Obtained the District Attorney's written policies related to travel and expense reimbursements, noting amounts to be reimbursed are paid in accordance with the District Attorney's office policies which exceed GSA rates.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

No exceptions were noted.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

Each expense was supported by an itemized receipt.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

Business purposes were documented.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Not applicable.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions were noted.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Each travel and related reimbursement payment had proper supporting documentation. Each payment was reviewed and approved by someone other than the person receiving the reimbursement.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Obtained a listing of all contracts in effect along with management's representation.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

Formal or written contracts were noted for the selected vendors.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

Each contract complied with all legal requirements.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

Not applicable.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

Not applicable.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

Invoices and related payments were in compliance with contract terms and conditions.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Not applicable.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

Obtained a listing of employees with their related salaries along with management's representation.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

No exceptions were noted.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

There were no changes made to the selected employees.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

The selected employees documented their daily attendance and leave.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

No exceptions were noted.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

No exceptions were noted.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Not applicable.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

No exceptions were noted.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Obtained ethics compliance documentation with no exceptions.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the entity’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

No exceptions noted during inquiries of management.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Not applicable.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Not applicable.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Not applicable.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

No exceptions noted during inquiries of management.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

The District Attorney has posted the required notice on its premises and does not maintain a website.

33. If the practitioner observes or otherwise identifies any exceptions regarding management’s representations in the procedures above, report the nature of each exception.

No exceptions were noted.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Windham & Reed CPA, L.L.C.
DeRidder, Louisiana
May 23, 2018